

## Current NASAA Headlines

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December 12, 2005

### Regulators Urge Investors to Carefully Check Credentials of 'Senior Specialists'

WASHINGTON, DC—The North American Securities Administrators Association (NASAA) today urged seniors to carefully check the credentials of individuals holding themselves out as “senior specialists.”

“Individuals may call themselves ‘senior specialists’ to create a false level of comfort among seniors by implying a certain level of training on issues important to the elderly. But the training they receive is often nothing more than marketing and selling techniques targeting the elderly,” said NASAA President and Wisconsin Securities Administrator Patricia D. Struck.

“These sales people and the alphabet soup of letters after their names can be confusing, and in some cases, may even be deceptive to seniors,” Struck said.

NASAA’s Investment Adviser Operations Project Group has observed a significant increase in designations claiming to provide the holder with expertise in providing services to investors 55 years and older. Although there are legitimate organizations whose members must complete rigorous programs of study, pass extensive examinations, and have practical experience in order to receive their designations, a number of entities formed in the last few years have created designations with less stringent requirements, Struck said. Without reviewing the course material for each of these designations, it is difficult to verify the claims made by the promoters.

Struck said securities regulators have opened 26 cases in the past year involving “senior specialists” in the eastern half of the United States alone. Most of the cases involve securities recommendations by individuals who are not properly licensed by state securities regulators.

Struck said bogus senior specialists commonly target senior investors through seminars where the specialist reviews seniors’ assets, including securities portfolios. Typically, the specialist recommends liquidating securities positions and using the proceeds to purchase indexed or variable annuities products the specialist offer.

In many jurisdictions, these recommendations may be viewed as providing investment advice for compensation. “The senior specialist would be offering investment advice as an unregistered investment adviser and, therefore, be subject to enforcement action by regulatory agencies,” Struck said.

A recent [enforcement action](#) by Massachusetts securities regulators against Investors Capital Corp. illustrates how a “senior specialist” designation can be used to hoodwink seniors. According to state regulators, one of the firm’s representatives stated during a seminar that his “Certified Senior Adviser” (CSA) designation – received by taking a three-day course or a home course, followed by a multiple-choice exam –indicated that he had been specifically trained to manage and solve financial problems facing seniors. According to the state, the seminar steered investors toward investing in equity-indexed annuities as the best way to participate in stock market gains without risk. Equity-indexed annuities are complex insurance products with high commissions and long holding periods (as well as stiff penalties for early withdrawals), which make them unsuitable for many older investors. In November, the state charged the firm with misleading investors, especially seniors, into buying equity-indexed annuities.

In another case, the Pennsylvania Securities Commission issued a [cease and desist order](#) in June 2005 against the Association of Senior Counselors and an agent to halt the offer and sale of unregistered securities. According to the state, the agent appeared at a senior’s home with materials saying he had “credentials you can trust,” among which included a “CSA” designation. An investigation determined that the agent had been charged in Connecticut in 2004 with selling unregistered securities and failing to register as an agent of a securities issuer in connection with the alleged sale of promissory notes.

"Before doing business with any investment professional, all investors, especially senior investors, should check with their state securities regulator to determine whether the individual is properly licensed and if there have been any complaints or disciplinary problems involving the individual or his or her firm," Struck said.

NASAA is the oldest international organization devoted to investor protection. Its membership consists of the securities administrators in the 50 states, the District of Columbia, the U.S Virgin Islands, Puerto Rico, the provinces and territories of Canada, and Mexico.

**For More Information:**

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